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March 23, 2009

University of California Students and Parents

Dear Friends:

I am writing to provide an update on student fees for 2009-10, and to share with you important financial aid information that I hope will reassure families and students that UC remains financially accessible.

As the economic recession affecting the nation has deepened, the State of California's fiscal situation has continued to deteriorate. As a result, the recently approved State budget includes new reductions for UC that extend our funding shortfall to \$450 million.

In addition, the budget assumes the University will enact a 9.3 percent increase (\$662 for resident undergraduates) in mandatory systemwide fees for the 2009-10 academic year. These are only assumptions at this time, as the Board of Regents is not expected to act on 2009-10 fee levels until early May. But the assumption in the State budget provides a general planning guide that may be useful to families.

Final fee levels will be contingent upon The Regents' evaluation of the State budget situation as it continues to evolve.

I am keenly aware that this possible fee hike comes at a time when many families and students are facing economic hardships and uncertainty. And as you discuss the cost of attending UC, I want you to keep in mind that we have a robust financial aid program to help students pay for college regardless of their financial resources.

Just last month, The Regents approved the Blue and Gold Opportunity Plan, a new UC financial aid program that provides enough gift assistance to fully cover systemwide fees for California residents who qualify for need-based aid, and whose household income falls under the state's median of \$60,000 per year.

Under the Blue and Gold Plan, over 48,000 eligible California residents this fall will not have to worry about how they will pay UC's fees, whether or not they increase. They will be covered. And with the program's income cut-off set at the median for California households, it will potentially extend to half of all California households. Further details about the Blue and Gold Plan are available at:

http://www.universityofcalifornia.edu/blueandgold/documents/blueandgold_factsheet.pdf.

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The Blue and Gold program provides only a **minimum** amount of grant money that students can receive. Students with sufficient financial need can qualify for **even more** grants to cover other educational expenses, such as room and board, books, and transportation. Last year, UC provided grant and scholarship assistance averaging \$10,300 per student to 54 percent of undergraduates.

Additionally, UC will continue to ensure that grant assistance covers at least half of the possible increase in systemwide fees for other financially needy undergraduates with household incomes between \$60,000 and \$100,000. About half the students in this income range already receive gift aid averaging \$5,800 a year.

To provide this assistance, the University will continue its practice of setting aside a portion of any new fee revenue for additional financial aid. The State's Cal Grant program will also cover increases in systemwide fees for Cal Grant recipients.

This year, there is good news on the federal front as well. As you may know, under the American Recovery and Reinvestment Act, the maximum value of federal Pell Grants will increase by \$619, which will provide an estimated \$33 million in new grant funding for UC students.

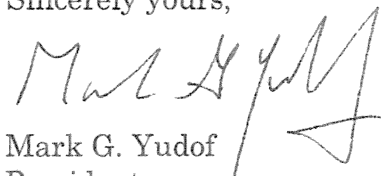
The Act also expanded federal higher education tax credits, which will provide up to \$88 million in additional tax credit eligibility to middle-income UC families. Higher education tax credits benefit students whose fees and other educationally valid expenses are not already fully covered by grants or scholarships.

The University is pursuing a range of solutions to the reductions in State funding, working to minimize impacts on the academic program and student services wherever possible. We are working to achieve administrative efficiencies on the campuses, we have realized more than \$30 million in savings at the Office of the President, we have frozen high-level salaries, and we have implemented restrictions on travel and non-essential spending. Most regrettably, however, we have had to curtail freshman enrollment to preserve the quality of our instructional programs given the lack of State funding for enrollment.

I will continue to work to preserve UC's affordability to the greatest extent possible, and to make the case to our elected officials that investment in human capital is the best investment our State can make. Our campuses will provide further information about 2009-10 student fees once final decisions have been made in May.

With best wishes, I am,

Sincerely yours,



Mark G. Yudof
President

cc: Chancellors